bizcommunity

Oh, it's digital. Again.

Digital transformation is not leaving anyone behind. It's the hero in its own disruptive movie, ensuring the safety of everyone in distress by taking them to places that nobody is entirely sure they understand.

Sabelo Dlamini, senior research and consulting manager at International Data Corporation

The Fourth Industrial Revolution (4IR) is the product of digital's commitment to change, as is the introducti of emergent technologies such as the Internet of Things (IoT), artificial intelligence (AI), and machine learning (ML).

Financial institutions are changing their rules of customer engagement and industry verticals after the business silos are following suit. Digital is imperative and it's one that communication service providers ha recognised as one train it needs to ride.

"The telecoms industry is shifting its focus and looking for ways to maintain and grow its subscriber base and part of this is causing them to undertake the journey from operator to digital services provider (DSP)," explains Sabelo Dlamini, senior research and consulting manager at International Data Corporation. "They want to develop new revenue streams and optimise performance by investing in efficient and automated processes."

New foundations for business

Digital opens new spaces within which the operators can build new foundations for the business. It's where the AI and business intelligence and analytics platforms reside, providing operators with deeper intelligen into customer behaviour and requirements for improved solution development and performance. It allows greater agility in developing solutions and services and the ability to pivot alongside ever-changing market demand.

"One of the primary reasons why operators are moving towards the DSP model now, more so than in the past, is because of shrinking traditional revenues," says Dlamini.

"The market is also being threatened by the over-the-top (OTT) service providers as their competitive pric and offerings are threatening the survival of the traditional operator. They need to get out from under digita cloud and leverage it to their own advantage if they want to survive in the current market."

Disruption is another factor in the changing mindset and strategy of the operator. The industry is being disrupted by fresh new talent and innovative ideas that have sprung out of digital. It's a whole new world ar those that don't transform and adapt are those that will be tied to the tracks, watching the oncoming train w dispassionate disbelief.

> *Disruption by newdigital-native service providers in the industry is driving the operators to transform themselves into digital service providers. An informed customer base is far more demanding nowthan in the past – they want better customer experiences at a cheaper price point, and they want it now.*

The process isn't smooth sailing. Disruption and digital and the need to transform notwithstanding, the operators have a lot of legacy technology to deal with. They must find a way of moving away from the rigid processes that they're used to so that they can develop a more agile and flexible approach to service delivery. This is what the digital-native OTTs are used to, this is their foundation, which puts them at a competitive advantage.

"Operators need to change their culture and their approaches," says Dlamini.

"As the picture changes, telcos are no longer the only service providers and the ecosystem has become incredibly diverse. This is an opportunity for the telco that's paying attention to its customer base but also competition as established OTTs and digital competitors win the war for the customer's attention."

Many of the telcos in South Africa are aware of the areas in which they need to transform. This awareness visible in their push for spectrum allocation and their focus on leveraging 5G solutions and technologies. Whether these intentions succeed and whether they successfully transition to the DSP remains to be seer

"The operators need to break down internal silos such as mobile and fixed within the organisation and transform into more customer-centric digital providers, or digital service providers," concludes Dlamini. "Tl requires drastic change within the operator itself in order to drive the speed of the train, to ensure that they achieve a successful outcome to the journey."

Are the tracks built? Not really, no. Many operators are still trying to figure out how to smash down internal walls and leverage digital while juggling shrinking margins and disappearing customers. With speed, disruptive thinking and a focus on the value of digital, this may yet be the moment that telcos look back on with fondness. But whether or not they're there to look back remains to be seen.